

site official subject to the concurrence of the State licensing agency.

(3) These vending machine income-sharing requirements do not apply to:

(i) Income from vending machines operated by or for the military exchanges or ships' stores systems; or

(ii) Income from vending machines, not in direct competition with a blind-operated vending facility, at any individual location, installation, or facility (as defined in §260.6) where the total of the vending machine income (as defined in §260.6) from all such machines at such location, installation, or facility does not exceed \$3,000 annually.

(4) The payment to State licensing agencies under these income-sharing requirements must be made quarterly on a calendar year basis. The first payment of income, however, will be made no later than April 30, 1978. This first payment will be for the period March 23, 1977, through the end of calendar year 1977. It will also include amounts collected and set aside during the period January 2, 1975, through March 22, 1977, for distribution to State licensing agencies. DoD Component activities which did not set aside vending machine income for distribution during the period January 2, 1975, through March 22, 1977, will consider taking steps to determine the amounts of such vending machine income which should have been withheld during that period and withhold such amounts from future income for distribution. All subsequent quarterly payments will be made within 60 days after expiration of the applicable calendar quarter.

§260.4 Responsibilities.

(a) The Assistant Secretary of Defense (Manpower, Reserve Affairs and Logistics) (ASD (MRA&L)) will monitor the overall DoD program and consult with DoD Components on all determinations (1) that the granting of a priority to the blind would be adverse to the interests of the United States, and (2) to suspend or terminate a permit to operate a vending facility.

(b) The Head of the DoD Component concerned, in monitoring its program shall:

(1) Approve/disapprove State licensing agency applications for permits and the provision of satisfactory sites;

(2) Consult with the on-site official on determinations that granting a priority to the blind would be adverse to the interests of the United States and on termination of contracts to operate a cafeteria; and

(3) Where circumstances warrant, suspend or terminate a permit to operate a vending facility.

(c) The on-site official will be the point of contact with State licensing agencies and will:

(1) Consult with State licensing agencies on articles and services to be provided;

(2) Determine, when appropriate, that granting a priority to the blind would be adverse to the interests of the United States and justify this determination to the Secretary, Health, Education, and Welfare through the Head of the DoD Component;

(3) Notify State licensing agencies of acquisition or substantial alteration or renovation of property;

(4) Ensure that operators are in fact State licensed blind persons and that sighted employees and assistants are utilized only to the extent reasonably necessary; and

(5) Negotiate with State licensing agencies on other matters indicated in §260.3.

§260.5 Arbitration.

Whenever any State licensing agency for the blind determines that any activity of the Department of Defense is failing to comply with the provisions of the Act and all informal attempts to resolve the issues have been unsuccessful, the State licensing agency may file a complaint with the Secretary, HEW, who will convene an ad hoc arbitration panel in accordance with the provisions of 45 CFR 1369.37.

§260.6 Definitions.

(a) *Blind licensee.* A blind person licensed by the State licensing agency to operate a vending facility on Federal or other property.

(b) *Cafeteria.* A food dispensing facility which provides a broad variety of prepared foods and beverages (including hot meals) primarily through the use of a serving line where the customer serves or selects for himself from displayed selections. A cafeteria